

July 31, 2002

**FOR IMMEDIATE RELEASE**

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**ANNOUNCEMENT OF FINANCIAL RESULTS**

(Note: Dollar amounts for the most recent period have been translated for convenience at the rate of U.S.\$1.00 = 119 yen.)

**MATSUSHITA REPORTS FIRST QUARTER PROFIT**

***Sales Increases and Restructuring Initiatives  
Contribute to Earnings Turnaround***

Matsushita Electric Industrial Co., Ltd. today reported its consolidated financial results for the first quarter, ended June 30, 2002, of the current fiscal year ending March 31, 2003 (fiscal 2003).

**First-quarter Results**

Consolidated group sales for the first quarter increased 5% to 1,756.7 billion yen (U.S.\$14.76 billion), from 1,674.8 billion yen in the same three-month period a year ago. Regarding the overall business environment, the Company noted that although consumer spending in Japan appears to have hit bottom, capital investment remained slow, and there was an absence of a substantial recovery in the domestic economy. Overseas, the business environment was generally steady, with expansion in the economies of Asia, including China, despite a slowdown in U.S. economic growth and a weakening of the U.S. dollar.

Domestic sales decreased 2% to 812.0 billion yen (\$6.82 billion), from 824.6 billion yen in the first quarter of the previous year. Within domestic sales, sales in the AVC Networks category increased from the same quarter of the previous year, due mainly to strong sales in video and audio equipment, which were boosted by new

product introductions, aggressive marketing activities for such products and increased demand propelled by Japan's co-hosting of the 2002 FIFA World Cup™. However, other categories in the domestic market recorded sales declines, specifically Home Appliances and Industrial Equipment.

Overseas sales were up 11% to 944.7 billion yen (\$7.94 billion), compared with 850.2 billion yen in the first quarter of the previous year. With the exception of Industrial Equipment, overseas sales increased in all categories. On a local currency basis, overseas sales increased 7% from the same period last year.

Consolidated operating profit for the first quarter increased to 14.6 billion yen (\$122 million), compared with an operating loss of 38.7 billion yen in the same three-month period a year ago. The Company attributed this turnaround to the positive effects of various business and employment restructuring initiatives implemented during the year ended March 31, 2002 (fiscal 2002), as well as sales increases mainly in video and audio equipment and Components and Devices. Income before income taxes also increased to 18.1 billion yen (\$152 million), from a loss before income taxes of 21.2 billion yen in the first quarter of last year, while net income was 4.3 billion yen (\$36 million), up from a net loss in the same quarter of the previous year of 19.4 billion yen.

### **First-quarter Sales Breakdown by Product Category**

The Company's first-quarter consolidated sales by major product category are summarized as follows:

#### **AVC Networks**

AVC Networks sales increased 8% to 1,028.9 billion yen (\$8.65 billion), from 950.0 billion yen in the previous year's first quarter. Within this category, sales of video and audio equipment grew 19%, due mainly to increased sales of TVs, VCRs and DVD players, which were a result of the Company's successful promotion of its new "V-Products" and increased demand related to the 2002 FIFA World Cup™.

In information and communications equipment, cellular phones and PC-related equipment recorded sales declines. However, strong sales in car AVC equipment, fixed-line communications equipment and broadcast- and business-use AV equipment contributed to an overall 1% increase in sales in this category.

### Home Appliances

Sales of Home Appliances decreased 3% to 288.3 billion yen (\$2.42 billion), compared with 297.9 billion yen in the first quarter of the previous year. Although washing machines, vacuum cleaners, air conditioners and refrigerators recorded strong sales overseas, weak domestic demand resulted in lower overall sales in this category.

### Industrial Equipment

Sales of Industrial Equipment were 66.2 billion yen (\$556 million), down 8% from 72.0 billion yen in the first quarter of the previous year. Within this category, while sales of FA equipment increased in the Asia region, including China, the category overall saw sales decline from a year ago.

### Components and Devices

Sales of Components and Devices were up 5% to 373.3 billion yen (\$3.14 billion), compared with 354.9 billion yen in the year-earlier first quarter. Although domestic demand was sluggish, overseas sales, mainly in the Asia region, including China, of general components, semiconductors and compressors recorded substantial sales increases.

### **Outlook for the Fiscal First Half**

Despite growing uncertainty about the global economic outlook, including the slowdown in the U.S. economy and the strengthening of the yen, Matsushita expects that the favorable business progress centered on the video and audio equipment and components and devices areas will continue through the second quarter of fiscal 2003.

On a consolidated group basis, the Company expects sales for the first six months ending September 30, 2002 to increase 5% from the same period last year, to approximately 3,570 billion yen, replacing its earlier forecast on April 26, 2002 of 3,460 billion yen. Consolidated income before income taxes for the fiscal first half is anticipated to increase to approximately 50 billion yen, instead of the previous forecast for pre-tax income of 19 billion yen. Likewise, net income for the six-month period is expected to show a large increase, to an estimated 17 billion yen, up from the previous forecast of 2 billion yen.

On a non-consolidated, parent company-alone basis, the Company expects first-half sales to increase 5% from the same period last year, to about 2,070 billion yen, instead of the earlier forecast of 1,990 billion yen. Parent-alone recurring profit for the first half is projected to increase to approximately 40 billion yen, replacing the previous forecast of 13 billion yen. Net income is now expected to increase to approximately 46 billion yen, compared with the previous forecast of 30 billion yen, which was announced on June 27, 2002. Parent-alone net income reflects the relevant one-time gain due to approval from Japan's Ministry of Health, Labour and Welfare for exemption from the future benefit obligation with respect to the substitutional portion of the Employees Pension Funds (see note 6 of notes to consolidated financial statements).

Matsushita Electric Industrial Co., Ltd. is one of the world's leading producers of electronic and electric products for consumer, business and industrial use, which it markets around the world under the "Panasonic," "National," "Technics" and "Quasar" brand names. Matsushita's shares are listed on the Tokyo, Osaka, Nagoya, Fukuoka, Sapporo, New York, Pacific, Euronext Amsterdam, Euronext Paris, Frankfurt and Dusseldorf stock exchanges. For more information, visit the Matsushita web site at the following URL: <http://www.panasonic.co.jp/global/>

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(Financial Tables Attached)